

# 1999 Application for Automatic Extension of Time to File Corporation, Partnership, and Exempt Organization Returns

## Arizona Form 120EXT

Obtain additional information or assistance, tax forms and instructions, and copies of tax rulings and tax procedures by contacting one of the numbers listed below:

Phoenix	(602)
255-3381	
Nationwide, toll-free	(800) 352-4090
Form Orders	(602) 542-4260
Forms by Fax	(602) 542-3756
Recorded Tax Information	
Phoenix	(602) 542-1991
Other Arizona areas, toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
Other Arizona areas, toll-free	(800) 397-0256

Obtain tax rulings, tax procedures, tax forms and instructions, and other tax information by accessing the department's Internet home page at:

[www.revenue.state.az.us](http://www.revenue.state.az.us)

### General Instructions

#### Use of Form

- **Use Form 120EXT only to apply for an extension of time to file Forms 99, 99T, 120, 120A, 120S, and 165.**
- *Form 120S and Form 165 filers:* Use Form 204 to apply for an extension of time to file a composite return for nonresident individual shareholders or nonresident individual partners on Form 140NR.
- The department may grant an automatic Arizona extension if: (a) the taxpayer pays at least 90 percent of the tax liability by the original due date of the return, and (b) the Form 120EXT is postmarked or received by the original due date of the return. The extension application will be denied if the extension application is postmarked after the original due date of the return. A copy of the Form 120EXT will be returned to the taxpayer only if the extension application is denied.
- The taxpayer must use Form 120EXT to remit an extension payment, whether the taxpayer uses a valid federal extension or requests an Arizona extension.

#### Acceptance of Federal Extension

- The taxpayer can use a valid federal extension rather than applying for an Arizona extension. The taxpayer must pay at least 90 percent of the tax liability by the original due date of the return. A taxpayer that uses a federal extension of time to file must use Form 120EXT to remit an extension payment. Mail the Form 120EXT and the extension payment to the address shown on the form.
- **Form 99T, 120, 120A, 120S, and 165 filers:** If the taxpayer uses a federal extension, the taxpayer must check the federal extension box on page 1 of the return.

#### Tax Return Original Due Dates

##### Form 99:

15th day of **fifth** month following close of taxable year.

##### Form 99T:

15th day of **fifth** month following close of taxable year.

##### Form 120:

15th day of **fourth** month following close of taxable year.

##### Form 120A:

15th day of **fourth** month following close of taxable year.

##### Form 120S:

15th day of **third** month following close of taxable year.

##### Form 165:

15th day of **fourth** month following close of taxable year.

#### Penalties and Interest

**A. Late Filing Penalty.** A return filed after the original due date is subject to the late filing penalty unless the taxpayer has a valid federal or Arizona extension. If the taxpayer uses a FEDERAL extension, the taxpayer must check the federal extension box on page 1 of the return. If the taxpayer uses an ARIZONA extension, the taxpayer must attach a copy of the Arizona extension to the return. A return filed after its extended due date is also subject to the late filing penalty. The late filing penalty is 5 percent of the tax found to be remaining due. The penalty period is each month or fraction of a month between the due date of the return and the date the taxpayer filed the return. The maximum penalty is 25 percent of the tax found to be remaining due.

**B. Extension Underpayment Penalty.** A return filed without an attached Arizona extension (if the taxpayer uses an Arizona extension) is subject to the extension underpayment penalty. A return filed without a check in the federal extension box on page 1 of the return (if the taxpayer uses a federal extension) is subject to the extension underpayment penalty. The taxpayer must pay at least 90 percent of the tax liability disclosed by its return on or before the original due date of the return. The department imposes the extension underpayment penalty on any late or underpaid extension payments. The extension underpayment penalty is one-half of one percent (.005) of the tax not paid. The penalty period is each 30 day period or fraction thereof between the original due date of the return and the date the taxpayer paid the tax. The maximum penalty is 25 percent of the tax not paid.

**C. Late Payment Penalty.** The department imposes the late payment penalty on tax not paid by the date prescribed for its payment. The late payment penalty is 10 percent of the tax not paid within the time prescribed for its payment.

**NOTE:** If two or more of the penalties described in A, B, or C apply, the maximum combined penalties cannot exceed 25 percent.

**D. Interest.** The department assesses interest on any portion of the tax, whether determined by the department or the taxpayer, not paid by the date prescribed for its payment. The department applies the rate of interest, compounded annually, in the same manner and at the same times as prescribed by Internal Revenue Code § 6621 with certain exceptions. On January 1 of each year, the department adds any interest outstanding as of that date to the principal amount of the tax. It is then a part of the principal amount of the tax and accrues interest until paid.

**NOTE CHANGES FOR 1999:**

Laws 1999, Ch. 5, § 30 (HB 2078) provides that the overpayment interest rate for any amount of tax to be refunded to a taxpayer for the periods January 1, 1999 through September 30, 1999, shall be the rate prescribed by IRC § 6621(a)(1) as amended and in effect as of January 1, 1998.

Laws 1999, Ch. 250, § 4 (HB 2396) provides that the rate of interest for both underpayments and overpayments *for all taxpayers* is the federal short-term rate, determined pursuant to IRC § 6621(b), plus three percentage points. This amendment to ARS § 42-1123 is effective from and after September 30, 1999.

**Rounding Dollar Amounts**

Taxpayers must round amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar. If less than 50 cents, round down.

**Extension Payment Computation  
(Form 99T, 120, 120A, and 120S filers only)**

**Line 1 -**

**Form 120 filers:** The amount entered on Form 120EXT, line 1, should equal the amount computed for the 1999 Form 120, page 1, line 26 less the amount computed for line 27 of Form 120.

**Form 120A filers:** The amount entered on Form 120EXT, line 1, should equal the amount computed for the 1999 Form 120A, page 1, line 18.

**Form 120S filers:** The S corporation itself is subject to tax (including the \$50 minimum tax) *only* if it has income subject to tax at the corporate level on the federal Form 1120S. Income subject to tax is excess net passive income, capital gains, or certain built-in gains, reported on Form 120S, page 1, lines 2, and 3.

The amount entered on Form 120EXT, line 1, should equal the amount computed for the 1999 Form 120S, page 1, line 22.

**Form 99T filers:** The amount entered on Form 120EXT, line 1, should equal the amount computed for the 1999 Form 99T, page 1, line 7.

**Line 4 -**

**Form 120 filers:** The taxpayer must pay at least 90 percent of its tax liability by the original due date of the return. If the estimated tax payments reported on line 2 are less than 90 percent of the amount on line 1, the taxpayer must make an extension payment.

**Form 120A filers:** The taxpayer must pay at least 90 percent of its tax liability by the original due date of the return. If the estimated tax payments reported on line 2 are less than 90 percent of the amount on line 1, the taxpayer must make an extension payment.

**Form 120S filers:** The S corporation must pay at least 90 percent of its tax liability by the original due date of the return. If the estimated tax payments reported on line 2 are less than 90 percent of the amount on line 1, the taxpayer must make an extension payment.

**Form 99T filers:** The tax exempt organization must pay at least 90 percent of its tax liability by the original due date of the return. If the estimated tax payments reported on line 2 are less than 90 percent of the amount on line 1, the taxpayer must make an extension payment.

**Who May Sign Form 120EXT**

The person authorized to sign the Form 120EXT may be:

- a duly authorized agent holding a power of attorney;
- a principal officer of the organization for Form 99 and Form 99T filers;
- a principal officer of the corporation for Form 120, 120A, and 120S filers; and
- a general partner authorized to file the partnership return for Form 165 filers.

**Mailing Arizona Extension Requests**

Mail Arizona extension requests to the address shown on the Form 120EXT. The extension request must be postmarked by the original due date of the return. Mark "Extension Request" on the envelope. No copy will be returned to the taxpayer unless the request is denied. Save two copies of the Form 120EXT. Attach one copy to the front of the Arizona income tax return when it is filed. Keep the other copy of the Form 120EXT for the taxpayer's records.